



## GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture

August 17, 1998

**Cause of the DeBruce Grain Elevator Explosion.** A deadly explosion occurred at a DeBruce grain elevator on June 8, 1998, when a bearing on a conveyor belt apparently locked up. Conveyor belts ride on rollers that keep the belts aligned. When the bearing locked up on the conveyor belt in the tunnel, it caused a roller to freeze as well. Vernon Grose, one of six experts hired by the Occupational Safety and Health Administration (OSHA), said that as the belt continued to move over the stopped roller, it wore the roller away. As the belt and the roller rubbed together, the roller became hot enough to ignite the dust that had collected on the moving conveyor belt. He said the bearing likely locked up because it had not been lubricated. Enough dust was suspended in the air above the belt and on the tunnel walls to trigger a series of explosions after the first one. Grain experts stated that the secondary explosions would not have occurred without significant amounts of dust present. OSHA's regulations allow only one-eighth of an inch of dust in critical areas of the elevator because of the danger of explosions such as this. A spokesman for DeBruce Grain, Inc. said Thursday that the company's investigators have not found an ignition source and that DeBruce had not been notified by any Government agency that an ignition source had been found. OSHA has until December 8 to release its report on the DeBruce explosion if it finds violations. (AP)

**Rail Arbitration Ends Soon.** Enrollment in a program to arbitrate disputes between railroads and grain shippers will end September 30, says the National Grain and Feed Association (NGFA). The arbitration plan calls for mandatory, binding arbitration of disputes involving a wide range of grains, oilseeds, feed, feed ingredients, and other grain products. The plan also calls for nonbinding mediation of some kinds of rate-related disputes. Kendell Keith, NGFA President, said the agreement was intended to resolve disputes in a fair, expeditious, and cost-effective manner without having to turn to the courts of the Surface Transportation Board (STB). (Reuters)

**Grain Storage Problem Still Priority.** With current corn prices dropping below \$2 a bushel, wheat below \$3 a bushel, and soybeans at about \$5 a bushel, it appears that farmers will continue to store their grain this fall hoping for a future of higher prices. Iowa Governor, Terry Branstad, representing the leading corn and soybean producing State, said that "...unless prices improve, I don't know that rail problems will be as big..." Nonetheless, Branstad and other governors are discussing the availability of railcars with Union Pacific, in the event that prices improve. In the meantime, tight storage has meant a banner year for the grain bin construction business. Larry Titze, part owner of Palace Builders, Mitchell, SD, stated that the company builds about 100,000 bushels of storage in a normal year, but, so far this year, that figure is at approximately one million bushels. In addition, the average bin size has increased from between 10,000 and 12,000 bushels in the past to approximately 32,000 bushels this year. Mark Grove, General Manager of Mitchell Farmers Co-op Elevator believes that in many cases the producer will do better to store the grain, adding that "even if he has to pile grain on his farm, it will probably pay." Governor Branstad looks to finding ways to better market and create demand for commodities through value-added agriculture as the likely long-term solution. From a political perspective, Senator Charles Grassly (R-Iowa) sees the implementation of fast-track trade authority, improved crop insurance programs, and support of the Asian economy through the International Monetary Fund (IMF), as long-term solutions which Congress may pursue. (AP, USDA)

**Correction:** There is a correction to the internet version of the *Grain Transportation Report*, dated August 3, 1998. It should be noted that St. Lawrence Seaway would like "to extend its current open season from "280 to 300 days," and not "180 to 200 days", as had been incorrectly stated in the August 3 report. Thank you.

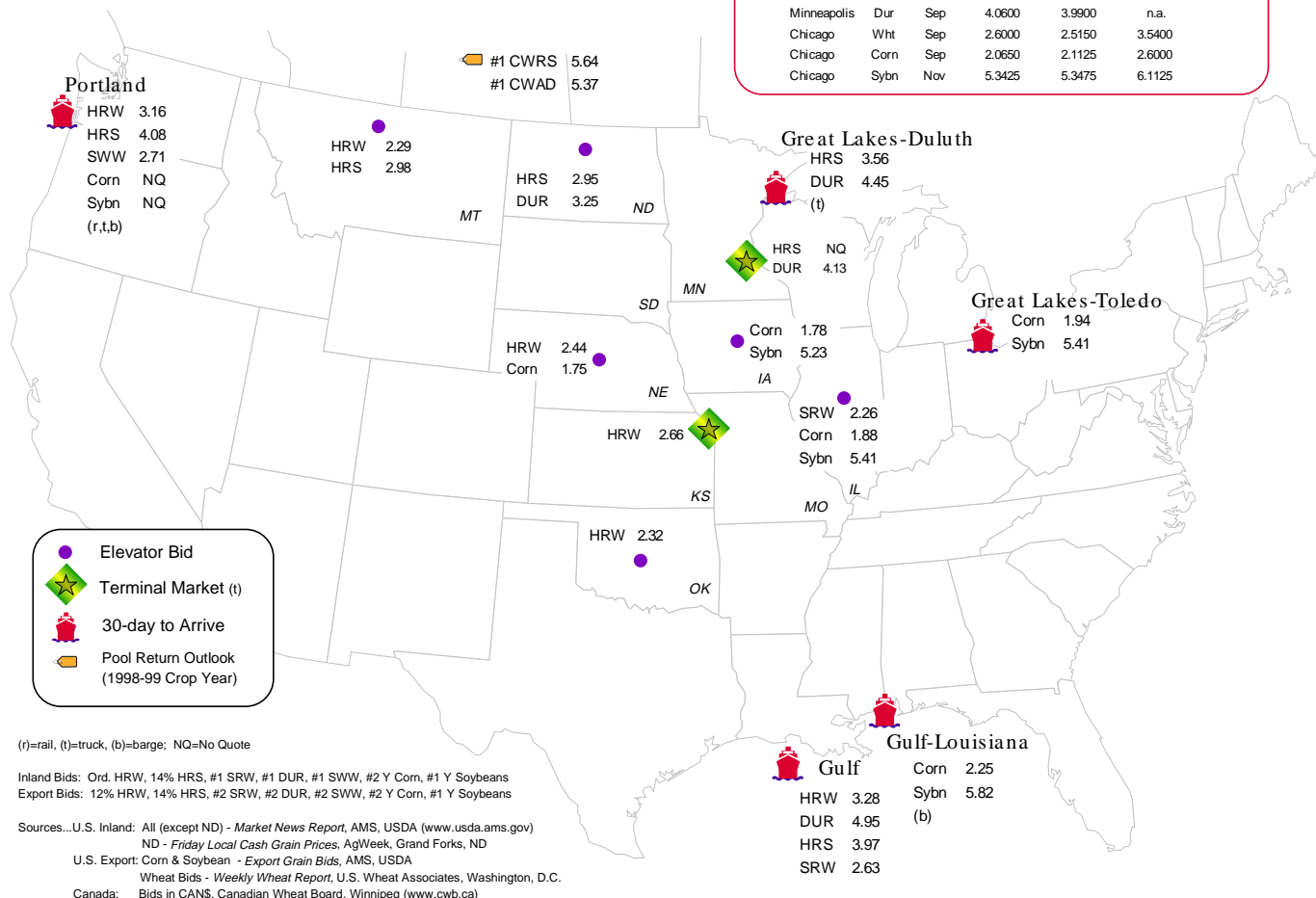
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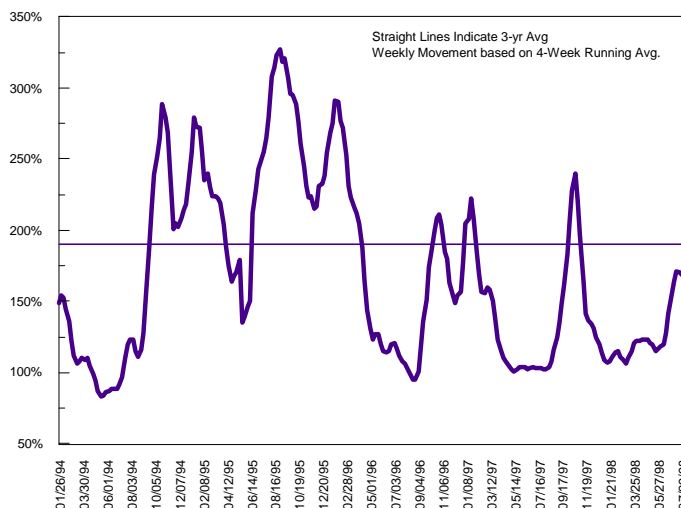
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## Grain Bid Summary

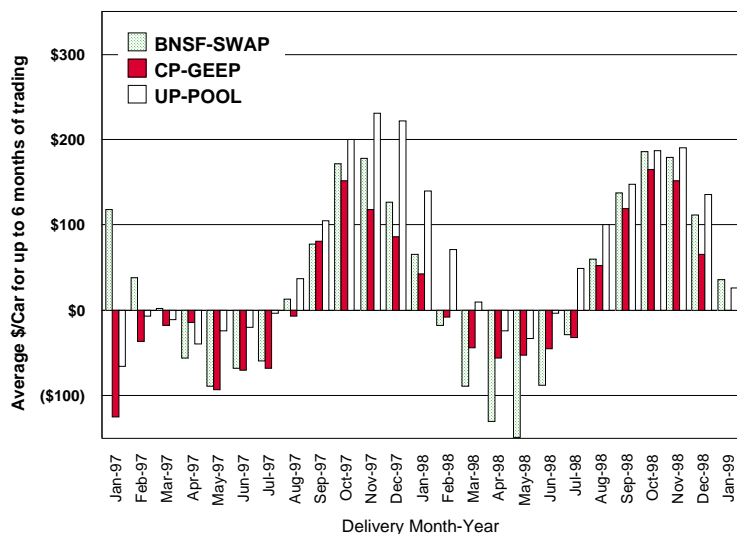


## Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



## Secondary Rail Market Bids

See the Grain Trax page at [www.ugpti.org](http://www.ugpti.org) for more graphs of rail premiums.

**Rail Car 'Auction' Offerings**

Delivery for:	Sep-98		Nov-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	6,508	92%	5,205	66%
<b>UP-GCAS</b>	5,400	0%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; <a href="http://www.bnsf.com">www.bnsf.com</a> ; <a href="http://www.uprr.com">www.uprr.com</a>				

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Aug-98	Sep-98	Oct-98	Nov-98
BNSF-COT	\$132	\$158	\$190	\$172
CP-GEEP	\$130	\$165	\$126	\$145
UP-Pool	\$176	\$208	\$236	\$161

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Sep-98	Nov-98	Dec-98
COT/N. Grain	no offer	\$135	\$94
COT/S. Grain	no offer	no offer	\$135
GCAS/Region 2	no offer	\$95	\$29
GCAS/Region 4	no offer	\$164	\$107

Source: T&M/AMS USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com), (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values\***

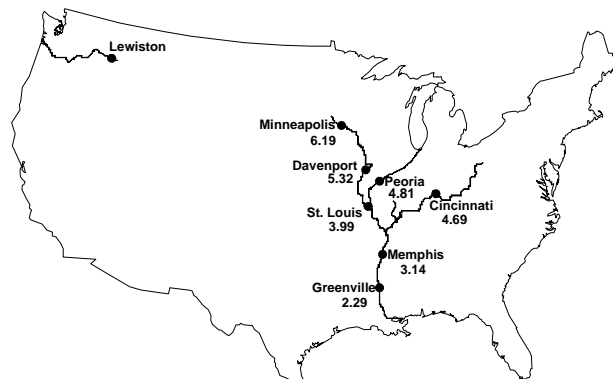
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
8/14/98	Mid Miss	twk	155-160
		nwk	160
		Sept.	195
	Illinois River	Sept.	185
	Lower Ohio River	Sept.	175
		Oct.	235

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

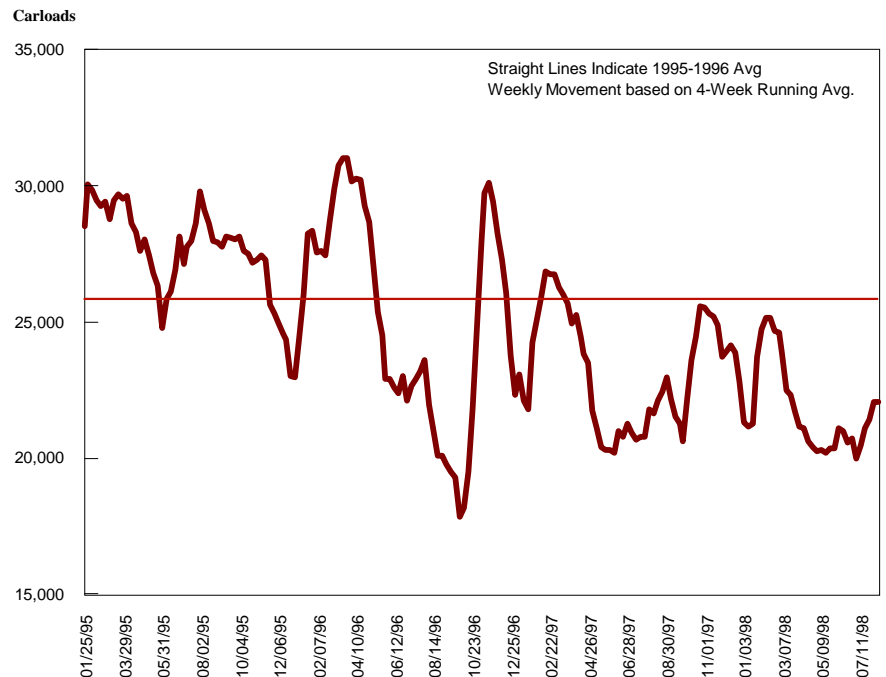
twk=this week  
nwk=next week**Southbound Barge Freight Spot Rates**

	8/12/98	8/5/98	Sept. '98	Nov. '98
Twin Cities	200	218	238	273
Mid-Mississippi	155	185	205	202
Illinois River	153	180	197	188
St. Louis-Cairo	145	160	180	172
Lower Ohio	138	148	193	183
Cairo-Memphis	140	163	175	163

Source: Transportation & Marketing /AMS/USDA  
nq= no quote**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
7/25/98	22,536
8/1/98	21,821
8/8/98	21,839
Year to Date - 1998	680,225
Year to Date - 1997	715,924
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



### Class I Rail Carrier Grain Car Bulletin

#### Carloads

			<u>East</u>					<u>West</u>		<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP		
08/08/98	924	1,400	1,813	2,221	8,148	775	6,558	1,580	3,472		
This Week Last Year	494	1,727	1,235	1,924	8,322	673	8,190	4,297	6,502		
1998 YTD	21,837	71,911	46,730	78,074	246,205	19,592	195,876	69,758	125,908		
1997 YTD	15,142	70,188	47,253	73,673	240,674	20,855	243,587	100,352	157,171		
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387		
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786				

Source: American Association of Railroads

### Tariff Rail Rates for Unit Train Shipments

August 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,450	\$13.16	\$0.44
05/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
05/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
05/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
05/01/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,600	\$12.77	\$0.45
05/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
05/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
05/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

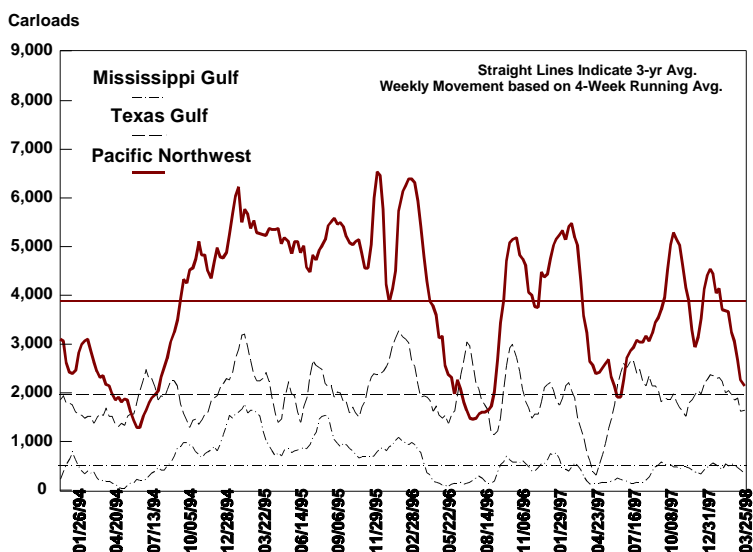
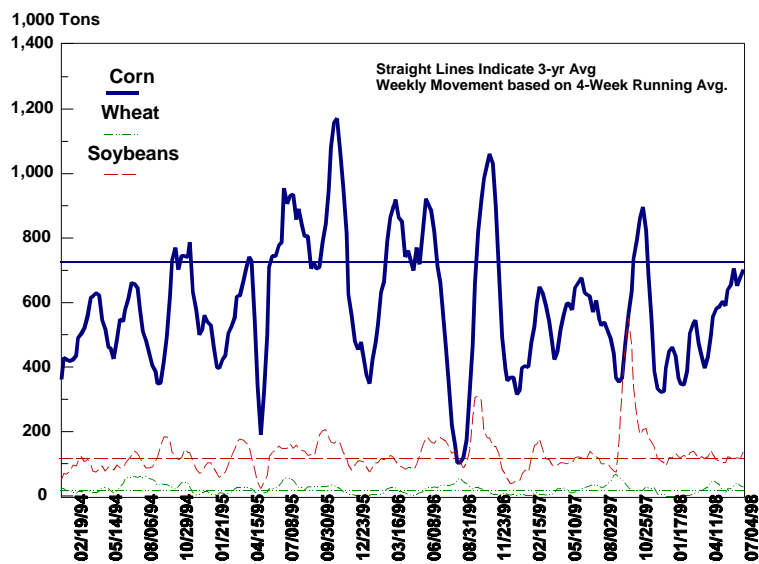
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

**Rail Deliveries to Port**

## Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
07/22/98	102	2,240	1,135	84
07/29/98	150	3,154	1,631	26
08/05/98	63	2,770	1,675	6
YTD 1998	9,622	64,553	82,908	6,608
YTD 1997	11,749	50,545	115,401	3,963
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304

Source: Transportation &amp; Marketing/AMS/USDA

**Rail Deliveries to Port****Barge Movements - Locks 27****Barge Grain Movements**

for week ending 08/08/98

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	404	6	69	479
Winfield, MO (L25)	451	14	81	545
Alton, IL (L26)	572	22	94	687
Granite City, IL (L27)	597	29	95	722
Illinois River (L8)	166	5	23	194
Ohio (L52)	39	2	7	35
Arkansas (L1)	0	31	0	31
1998 YTD	17,125	1,456	4,709	25,215
1997 YTD	17,564	1,289	4,377	25,364
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

**U.S. Export Balances\*** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
08/06/98	1,573	454	1,139	908	234	4,308	7,439	3,131	14,878
This Week Year Ago	2,191	1,115	1,007	895	364	5,574	8,133	6,775	20,482
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	2,287	356	1,110	523	115	4,394	34,114	23,881	62,389
96/97 YTD	1,893	1,060	1,173	707	235	5,068	41,671	23,635	70,374
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236
94/95 Total	10,157	5,453	7,686	5,837	893	30,026	54,742	23,410	108,178

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn &amp; Soybeans=9/01-8/31

**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
08/13/98	261	16	0	79	674	104	179	11	4
1998 YTD **	5,579	3,322	402	3,164	17,469	8,207	4,406	254	624
1997 YTD **	6,803	6,956	930	3,191	17,544	9,566	2,627	950	428
% of Last Year	82%	48%	43%	99%	100%	86%	168%	27%	146%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

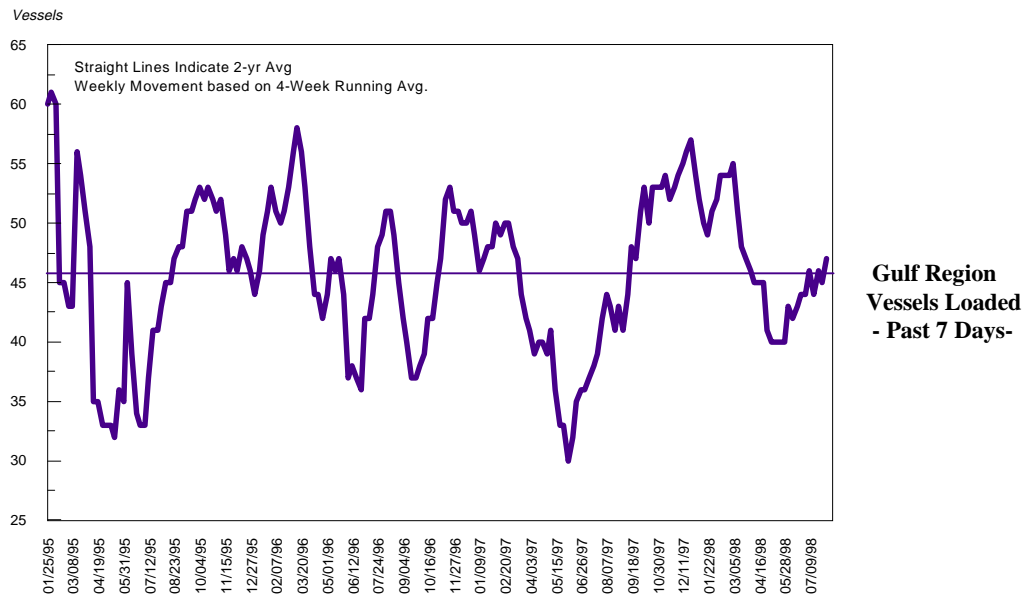
Source: Federal Grain Inspection Service \*Year Ago-This Week a Year Ago \*\* YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

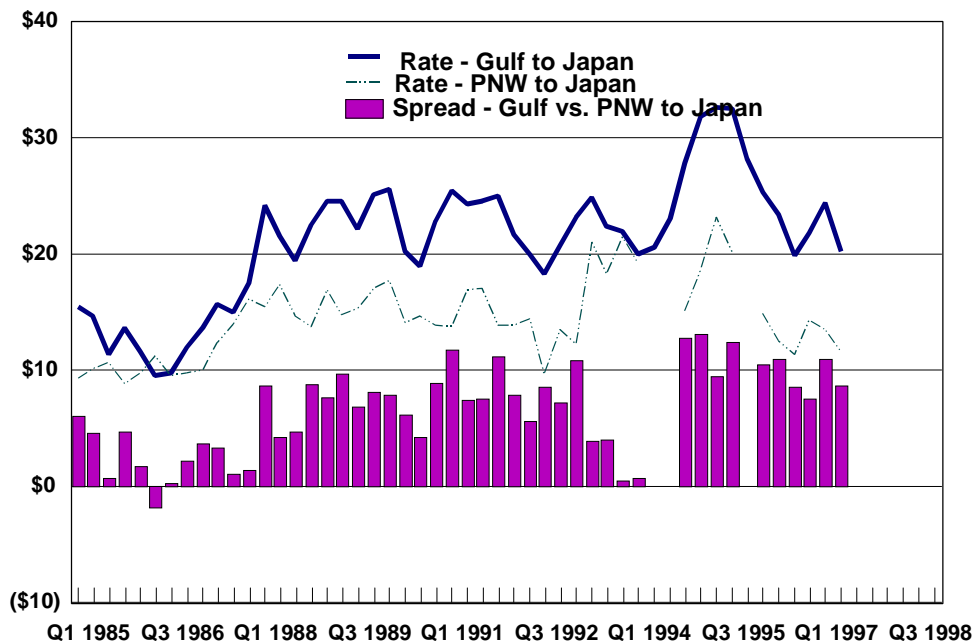
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 08/13/98			
Vancouver	127	24	0
Prince Rupert	0	0	0
Prairie Direct	0	0	0
Thunder Bay	17	0	0
St. Lawrence	22	75	0
1997 YTD Exports	166	99	2
1996 YTD Exports	504	173	97
% of Last Year	33%	57%	2%

Source: Canadian Grains Commission \*Year Ago-This Week a Year Ago \*\* YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
8/6/98	35	54	59	10			3	5	2
8/13/98	29	49	58	13			4	6	0
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

## US\$/Metric Ton



## Quarterly Ocean Freight Rates

## Quarterly Ocean Freight Rates

Weighted Average Rates &amp; Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 1 <sup>st</sup> Qtr	1997 1 <sup>st</sup> Qtr	% Change		1998 1 <sup>st</sup> Qtr	1997 1 <sup>st</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$18.24	\$25.29	-28%	Japan	\$10.08	\$15.08	-33%
Mexico	\$12.15	\$17.99	-32%	Red Sea/ Arabian Sea		\$20.17	
Venezuela	\$11.13	\$16.73	-33%				
N. Europe	\$9.85	\$12.60	-22%	<b>Argentina to</b>			
N. Africa	\$14.65	\$18.84	-22%	N. Europe	\$12.32	\$17.98	-31%
				Japan	\$20.93	\$33.64	-38%

Source: Transportation &amp; Marketing/AMS/USDA

## Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Taiwan	Heavy Grains	August	54,000-58,000	\$11.80-\$11.85
Gulf	Japan	Heavy Grains	August	38,000	\$12.25
Great Lakes	Venezuela	Wheat	August	17,000	\$19.50
Paranagua	Lisbon/Hamburg	Grains	August	55,000	\$8.50
Paranagua	Poland	Meals	August	25,000	\$14.00
River Plate & Paranagua	Barcelona/Hamburg	Grains	August	42,000	\$13.50
River Plate	Sp. Mediterranean	Heavy Grains	August	22,000	\$15.25
River Plate & Brazil	China	Heavy Grains	August	50,000	\$13.50

Source: Maritime Research Inc.